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Library Trustee Minutes 01/10/12

Meeting of the Board of the Library Trustees
Tuesday, January 10, 2012

Call To Order

Chairman Brigid Kennedy-Pfister called the meeting to order at 7:17 pm. Attending were trustees Heather Calvin, Katharine Fennelly, Barbara Muldoon, Frank Murphy, and Joyce Radochia. Also attending were library director Maryellen Loud and assistant director Ryan Livergood.

Trust Funds

The trustees briefly discussed the trust fund broad allocation strategy proposal from Boston Advisors. Mr. Murphy summarized the proposal, which would involve reallocating investments into alternative assets with the goal of minimizing volatility to ensure a steady stream of total net returns. Mr. Murphy and Ms. Muldoon shared their concerns regarding the proposal. While the proposal is designed to reduce risk, some of the alternative assets presented in the plan are probably investments that might actually expose trust funds to risk and they should probably be avoided. The trustees agreed that they needed to find out from Mr. Gilligan exactly how this proposal minimizes risk. The trustees also agreed that they needed to find out from Mr. Gilligan any fees, including transaction fees, this new proposal would involve.

Approval of Minutes

The trustees reviewed the minutes from the December 13, 2011 meeting. Ms. Fennelly made a motion to accept the minutes as amended. Ms. Radochia seconded the motion and it passed unanimously.

Communications

The trustees received a letter from Louise Crosby thanking them for the holiday luncheon.

Director's Report

The trustees reviewed the director's report.

Meeting with the Town Treasurer

Stephen Gilligan, town treasurer, met with the trustees to present Boston Advisor's broad allocation strategy proposal. Mr. Gilligan explained to the trustees the history behind town investments and the process that led to the town working with Boston Advisors. Mr. Gilligan explained in great detail what the broad allocation strategy proposal involved and why it was being considered. As Mr. Gilligan explained, the broad allocation strategy would broaden investment allocation to include not just stocks and bonds, but other assets as well, including but not limited to commodities. This shift would be minor in nature and involve only shifting 10% of stocks and bonds into alternative assets. The reason for this shift would be to mitigate, or hedge, against risk. If there was a peak surge in the market, the gains realized might not be as high as they could be, but, on the other hand, in a down market, the lows would not be as low as they could be either. As Mr. Gilligan explained it, when stocks are up, bonds are down, and

vice versa. While stocks and bonds react this way in the market, commodities do not react in the same manner. This is where the broad allocation strategy becomes part of the formula, when you have an economic correction and you are dealing with the volatility of stocks and bonds during this period. When the market is shaky and volatile, the commodities help by balancing your investments. While the law says that Mr. Gilligan can accept this proposal without the approval of the three trust fund commissions, he believes in transparency and wanted to discuss the proposal with the trustees.

After Mr. Gilligan's presentation, a very lengthy discussion ensued regarding the proposal and the trustees had many questions for Mr. Gilligan, including questions about fees, the riskiness of the alternative assets under the broad allocation strategy, the ability to choose specific alternative asset segments to avoid under this proposal, and how this strategy would have performed historically if it had been implemented in the past. Mr. Gilligan informed the trustees that management fee expenses are very low under this proposal. They are set at 52 basis points, or 0.52%. While there are additional transaction costs, they are very minor as well. Mr. Gilligan indicated it would be possible to tailor the assets by allowing the removal of either specific assets (for example, soybeans) or segment assets (for example, agriculture). Mr. Gilligan also mentioned that Boston Advisors would be happy to come out and discuss the specifics of the proposal in greater detail. Mr. Gilligan said the main factors that will drive his decision to move forward with this proposal are safety, liquidity, and yield. While the cemetery commission has voted in favor of adopting this proposal, Mr. Gilligan still hasn't made a decision on what he will ultimately decide to do, even if all three commissions vote in favor of adopting this proposal. Right now, he is leaning in favor of adopting the proposal. However, Mr. Gilligan made it very clear that he will not do anything to jeopardize investment policy, his relationship with the three commissions, and the stability of town funds before he left the meeting.

The trustees further discussed the proposal after Mr. Gilligan left the meeting. The consensus was that there were still many concerns regarding this proposal and many questions that still needed to be answered before the trustees made a decision one way or another on whether they were in favor of adopting the proposal. Ms. Kennedy-Pfister will ask Mr. Gilligan for a pro forma with historical results under the broad allocation strategy, more information that defines alternative assets in greater detail, and information regarding the liquidity of alternative asset investments under the broad allocation strategy.

Community Time

No members of the community were present.

Update on FY13 Budget Request

Ms. Loud reported that the town plans to provide the library an additional \$61,500 to meet the state municipal appropriation requirement (MAR). There is no promise this will happen definitively, as the request for more funds to meet the MAR will be further evaluated as other budgets needs arise. Other than \$10,636 that will be put back in to fund the Fox's partial day, none of this money can be allocated for permanent personnel. These additional funds can go towards materials, building maintenance, furniture, equipment and technology. This money could also be used to put more into the Minuteman Library Network (MLN) fee which would provide more access to the public. The town manager felt strongly that this money cannot be used to add hours of operation, as it was indicated to the public that if the override passed, hours would not be restored to Thursday mornings and he anticipates budget reductions in future years.

Russell Fund (Coordinator and Sing-a-longs)

Ms. Loud requested that the performance fees be raised from \$100 to \$130 for each 30 minute singalong as our rates are significantly below that of other towns. This would not impact the Russell Fund for the remainder of the fiscal year. Ms. Fennelly made a motion that the performance fees for singalongs being funded by the Russell Fund increase from \$100 to \$130 effective July 1, 2012. Mr. Murphy seconded and the motion passed unanimously. Ms. Kennedy-Pfister pointed out that the other groups that fund singalongs (both Friends groups) are free to raise their performance fees before July 1, 2012.

Ms. Loud reported that Liza Halley, Russell Fund Coordinator, was resigning from the position. Ms. Loud would like Ms. Halley to train the future Russell Fund Coordinator and to write the Russell Fund report. Ms. Loud asked if it would be possible to allocate money out of the Russell Fund to fund the training and the work on the report. Ms. Muldoon indicated that funds could be taken out of the Russell Fund. The trustees were deeply dismayed by Ms.

Halley's decision. The trustees appreciate all of Ms. Halley's great work, appreciate her willingness to train the future coordinator, and thank her for her many years of service. Ms. Fennelly made a motion to allocate \$654.50 to pay Ms. Halley for 34 hours of work uniquely for this period of transition running from March 13 to May 15, 2012. Ms. Radochia seconded and the motion passed unanimously.

Annual Report

Ms. Loud indicated that she has long wanted to change the format of the Annual Report, as it seemed to be too wordy and lengthy in the past. In this 2011 Annual Report, she suggested that the sections on accomplishments and future goals be formatted with bullets. The rest of the report would remain as a narrative as in previous years. The trustees approved this new format with the understanding that the bulleted format could be changed by the Town Manager's Office.

Approval of Policies

The trustees reviewed and discussed the Reference Services policy. Revisions recommended by the trustees at the previous meeting had been implemented into the policy. Ms. Fennelly made the motion to adopt this policy with implemented revisions (including the date as amended, 1/10/2012) and Ms. Radochia seconded. The motion passed unanimously.

The trustees reviewed and discussed the Privacy, Subpoenas, and Search Warrants policy and the Patriot Act Procedures document. Revisions recommended by the trustees at the previous meeting with additional suggestions from town counsel had been implemented into the policy. Ms. Fennelly made the motion to adopt both the Privacy, Subpoenas, and Search Warrants policy and the Patriot Act Procedures with implemented revisions and Ms. Radochia seconded. The motion passed unanimously. Ms. Kennedy-Pfister asked that these documents be distributed to staff immediately.

Ms. Loud inquired how the trustees felt about patrons using either the conference room and/or community room if they were not in use at the time and while both study rooms were unavailable. The trustees agreed this would be fine as long as these patrons follow both regular library procedures and study room procedures.

Staff Development Funds

Ms. Loud requested that an additional \$4,000 be allocated for staff development to allow three staff members to attend the Public Library Association Conference in Philadelphia. Ms. Muldoon realized that \$4,479 in the Farmer Fund initially allocated for fundraising cannot go towards fundraising for the foundation. Thus, Ms. Muldoon moved that \$4,000 be transferred from the Farmer Fund initially allocated from the trustee fundraising project to be reallocated for staff development. Ms. Fennelly seconded and the motion passed unanimously.

Other

Ms. Fennelly reported that she and Ms. Gandek-Tighe are close to finding a replacement for Ms. Fennelly on the foundation board.

Ms. Loud reported that the trustee vacancy will be re-advertised and that the board should encourage people to apply. Ms. Loud also reported that the Town Manager does not wish to advertise this position via social media or the library's website.

Ms. Loud informed the trustees that the East Cambridge Savings Bank will vote on funding the Plugged In series on January 25th.

Ms. Loud asked the board if any of the trustees wanted to be servers at the legislative breakfast at the Robbins Library on Thursday, February 9th.

Ms. Radochia and Ms. Fennelly said they would be willing to serve. Ms. Loud reported that both members of the staff and Friends have also volunteered to serve.

Ms. Calvin inquired if there was any news regarding summer weekend hours. Ms. Loud reported that Ms. Malloy was in the process of contacting the labor relations council and waiting to hear back on how to proceed. Ms. Loud also reported that donations for Sunday hours are still coming in from the community.

Date of Next Meeting

The next trustees' meeting will be held on Tuesday, February 14, 2012 at 7:15 pm.

Director Selection Process

Ms. Loud and Mr. Livergood exited the room and the trustees discussed the qualities and characteristics they would like to see in the next library director.

Adjournment

Mr. Murphy moved to adjourn the meeting. Ms. Fennelly seconded the motion and it passed unanimously. Meeting was adjourned at 9:45 pm.

Documents provided:

- January 10 Meeting Agenda
- Minutes from the December 13, 2011 meeting of the Robbins Library Board of Trustees
- Director's Report for December 2011
- Director's Annual Report for 2011
- Request for Contracted Work
- Request for Rise in Performer Fees
- Broad Allocation Strategy Recommendation Documentation
- Reference Services policy
- Privacy, Subpoenas, and Search Warrants policy
- Procedure on Responding to Requests from Law Enforcement Officials Related to the Patriot Act